IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: Brian Shuster	Art Unit: 3625
Serial No.: 09/837,852	
Filed: April 18, 2001	Examiner: Mark Fadok
Title: METHOD AND APPARATUS FOR MANAGING OWNERSHIP OF VIRTUAL PROPERTY	

REPLY TO EXAMINER'S ANSWER

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir or Madam:

The appellant filed an Appeal Brief on November 20, 2007 in the above-identified application (the "Appeal Brief"), to which the Office provided an Examiner's Answer on February 21, 2008 (the "Answer"). No portion of the Appeal Brief has been objected to or denied entry. The appellant respectfully submits this Reply to the Answer, pursuant to 37 CFR 41.41.

A. Claims 1 & 9 (And Dependent Claims)

As asserted in the Appeal Brief, Johnson (U.S. 6,591,250) fails to disclose a method or system "assigning ownership of the virtual properties to a plurality of property

owners participating in the computer game, said ownership configured through said computer game such that said property owners *are permitted to use said virtual properties in said computer game but are not permitted to possess a digital copy of any of said virtual properties.*" To rebut this assertion, the Answer argues that Johnson discloses "the use of a central system indicating that items cannot be forged because they are stored locally and are not transmitted to the client over the network (col 1, lines 59-67)." Answer, p. 5:15-18.

This disclosure, however, fails to include all of the claim elements arranged as in the claim. At col. 1:59-67, Johnson discloses:

> Such a system can be prohibitively expensive when the system supports a large number of digitally-signed digital objects because each of the digital objects are stored on the system. In particular, the objects are stored in their entirety at the centralized server such that the items cannot be forged because they are not transmitted to clients over the network.

Here, Johnson is describing a prior art system, namely, the IBM "Cryptolopes" system for performing secure electronic transactions. Col. 1:46-58. Johnson fails to disclose that the Cryptolopes system operates to assign "ownership of the virtual properties to a plurality of property owners participating in the computer game, said ownership configured through said computer game such that said property owners *are permitted to use said virtual properties in said computer game* but are not permitted to possess a digital copy of any of said virtual properties." There is no evidence that the Crytolopes system permitted owners to use the virtual properties in any sort of computer game. Therefore, by disclosing the Cryptolopes system, Johnson merely discloses that it was

known that digital objects in secure transactions could be centrally stored, but fails to disclose that the stored objects are used in a computer game.

The Answer also cites figs. 9B and 10 as disclosing central storage. Fig. 10 shows a "system 1000 for exchanging stock issues on-line." Col. 17:24-25. As a secure transaction system similar to the Cryptolopes system, the system shown in fig. 10 likewise fails to show that "said property owners are permitted to use said virtual properties in said computer game." See, e.g., col. 17:25-54. Exchanging of stock issues is a financial transaction, not a computer game.

For its part, fig. 9B shows a "process of authenticating an owner's collection." Col. 13:59-60. In the process, an "owner transmits its collection of virtual property items to provider 103." Col. 13:60-61. This fails to disclose, however, the claimed element that "said property owners are permitted to use said virtual properties in said computer game *but are not permitted to possess a digital copy of any of said virtual properties.*" To the contrary, Johnson discloses that the owners *are* permitted to possess digital copies, because the digital copies are transmitted from the owner to the provider. Johnson expressly and exclusively teaches that digital copies of virtual properties used in computer games *are* permitted to be maintained on owner computer systems. Col. 3:32:41; col. 9:51-59; fig. 5C; col. 18:20-24. The Answer fails to demonstrate otherwise.

The Answer does not refute that, as argued in the Appeal Brief, Johnson teaches one system for stocks and bonds in which objects are maintained centrally. Col. 17:24-54; Fig. 10. Johnson teaches different systems for game objects, in which digital copies

are maintained locally. Col. 9:20-59; Fig. 5C. Johnson fails to disclose a system or method that, while permitting owners "to use said virtual properties in said computer game" also functions to *not permit* property owners to possess digital copies of virtual property game objects, as claims 1 and 9 define. To the contrary, Johnson teaches that local storage is preferable for game objects. Col. 9:60-67. To make up for this deficiency of Johnson, the Answer expends several pages of argument to show, in essence, that a non-preferred or alternative embodiment can nonetheless constitute a relevant disclosure under 35 U.S.C. § 102. This is beside the point. Relevance of alternative embodiments is not at issue in this appeal, because none of the embodiments or prior art disclosed by Johnson includes all of the elements of claims 1 and 9.

More fundamentally, a proper analysis under 35 U.S.C. § 102 will find that a claim is anticipated by a reference "only if each and every element as set forth in the claim is found, either expressly or inherently described, in a singe prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987), cited in M.P.E.P. § 2131. In addition, as also cited in M.P.E.P. § 2131, "the elements must be arranged as required by the claim." *In re Bond*, 910 F.2d 831, 832, 15 USPQ2d 1566 (Fed. Cir. 1990), citing *Lindemann Maschinenfabrik GMBH v. Amer. Hoist and Derrick Co.*, 730 F.2d 1452, 221 U.S.P.Q. 481 (Fed. Cir. 1984) ("Anticipation requires the presence in a single prior art reference disclosure of each and every element of the claimed invention, arranged as in the claim. *Connell v. Sears,*

Roebuck & Co., 722 F.2d 1542, 220 USPQ 193 (Fed.Cir.1983); *SSIH Equip. S.A. v. USITC*, 718 F.2d 365, 218 USPQ 678 (Fed.Cir.1983)."). In other words, "There must be no difference between the claimed invention and the reference disclosure, as viewed by a person of ordinary skill in the field of the invention." *Scripps Clinic & Research Foundation v. Genentech, Inc.*, 927 F.2d 1565, 1576, 18 U.S.P.Q.2d 1896 (Fed. Cir. 1991). This established rule continues to be applied in more recent cases. *See, e.g. In re Buszard*, 504 F.3d 1364, 1366, 84 U.S.P.Q.2d 1749 ("[A]ll of the elements and limitations of the claim must be shown in a single prior reference, arranged as in the claim.").

It is therefore necessary to determine whether or not Johnson identically discloses all the elements of claims 1 or 9, arranged as in these claims. As has already been demonstrated, neither the prior-art Cryptolopes system nor the stock trading system that Johnson discloses function by "assigning ownership of the virtual properties to a plurality of property owners participating in the computer game, said ownership configured through said computer game such that said property owners are permitted to use said virtual properties in said computer game." As has also been demonstrated, Johnson exclusively discloses computer game embodiments in which owners *are* permitted to possess digital copies of virtual property. Johnson therefore fails to disclose "assigning ownership of the virtual properties to a plurality of property owners participating in the computer game, said ownership configured through said computer game such that said property owners *are permitted to use said virtual properties in said*

computer game but are not permitted to possess a digital copy of any of said virtual properties," as defined by claims 1 and 9. Johnson therefore does not disclose all these elements of claims 1 and 9, arranged as required by these claims. Therefore it does not anticipate these claims.

It is not permissible to modify the separate embodiments disclosed by Johnson to arrive at what is claimed, in an analysis under § 102. Moreover, the Answer errs by concluding that Johnson seeks to improve on "the centralized storage system (described in col 1, lines 45-67) [i.e., the Cryptolopes system] . . . by distributing the storage requirements." Answer, p. 8:11-16. This is factually incorrect, as Johnson nowhere suggests that a system for secure financial transactions could be improved on by distributing digital copies of the financial instruments to the owners. Even if Johnson did suggest this, such an embodiment would still fail to include "ownership configured through said computer game such that said property owners are permitted to use said virtual properties in said computer game." Nor does Johnson suggest that a virtual property system as used in computer games can be improved upon by requiring storage of game objects such that owners "are not permitted to possess a digital copy of any of said virtual properties." The Answer's proposed melding together of different embodiments from Johnson is not a proper analysis under § 102. Far from demonstrating anticipation, the analysis merely demonstrates a recognition by the examiner that Johnson fails to disclose all the elements of claims 1 and 9, arranged as required by these claims.

B. Claims 7 & 16

The Answer fails to show any disclosure in Johnson of "allowing said property owners to transfer ownership comprises allowing at least one of said property owners to win one of said virtual properties from another property owner in the course of a game," as defined by claims 7 and 16. The Answer argues instead that "the procedure (functionality) is the same for 'winning' as they [sic] are for 'trading' and appellant does not argue that Johnson teaches trading functionality, the functionality of 'allowing a person to win, (receive a virtual property after agreement that the property is to be transferred) is taught by Johnson." Answer, p. 9:17-20. This argument apparently asserts, albeit incorrectly, that there is no patentable distinction between "winning" and "trading" because, as the argument goes, both "to win" and "to trade" mean (or encompass) "receiving a virtual property after agreement that the property is to be transferred." At issue, therefore, is whether or not there is a patentable distinction between the functions of "winning" or "trading."

As pointed out in the Answer, the specification teaches on p. 13:1-13 that the "*transfer of ownership* associated with "winning" or "losing" a particular card would be analogous to the procedure for the sale or trade of a virtual property previously described." (Emphasis added). The Answer seems to misread this statement as an admission that "winning" and "trading" are functionally the same. No such admission has been made. The specification merely states that transfers of ownership such as

would occur *after* a winner or loser is determined may be performed in a manner analogous to what would occur after a trade or sale. It should be understood that a transfer or ownership is a separate function from a trade or win; trading or winning are functions that may be performed as conditions precedent to a transfer of ownership. However, the function of "winning" is plainly distinct from "trading." To argue that these functions are the same is clearly erroneous.

To determine a "winner" as a condition precedent to a transfer of ownership necessarily involves computational steps and information flows that are distinct from what would occur in a trade or a sale. In a win-lose game outcome, for example, game rules are defined, and inputs by participants in the game are processed to determine a winner according to the defined game rules. Such activities would be entirely absent in a trade, sale, or other voluntary transaction. Conversely, a trade or sale involves actions, such as an offer of items for sale or trade and acceptance for identified consideration, that are not present when objects are won in a game. Plainly, winning and trading are functionally different. Disclosing only trading of virtual properties (at col. 3:21-32), Johnson fails to disclose "allowing at least one of said property owners to win one of said virtual properties from another property owner in the course of a game," as defined by claims 7 and 16.

As if to bolster its defective argument equating "winning" and "trading," the Answer concludes by arguing that it is admitted prior art that "certain games cards can be played versus other game cards in order to win ownership of that particular card."

Answer, p. 11:4-7. It is not clear whether or not official notice is being taken of any fact, and if so, what fact is being taken official notice of. It is clear, however, that the citation of any noticed fact in addition to Johnson would be irrelevant and improper under 35 U.S.C. § 102, which requires all elements of the claim be to be disclosed in a single reference. Nor are any rejections pending under 35 U.S.C. § 103. The concluding portion of the Answer on pp. 10-11 regarding official notice and admitted facts is therefore irrelevant to determination of any issue on appeal, and should be disregarded.

Conclusion

Appellant respectfully requests the reversal of the rejection of currently pending claims 1-3, 5-12 and 14-17, and allowance of these claims forthwith, for the reasons set forth above and in the Appeal Brief.

Respectfully submitted,

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